

108TH CONGRESS  
1ST SESSION

# H. R. 349

To amend the Internal Revenue Code of 1986 to provide a tax credit to employers for the value of the service not performed during the period employees are performing service as members of the Ready Reserve or the National Guard.

---

## IN THE HOUSE OF REPRESENTATIVES

JANUARY 27, 2003

Mr. BILIRAKIS introduced the following bill; which was referred to the  
Committee on Ways and Means

---

## A BILL

To amend the Internal Revenue Code of 1986 to provide a tax credit to employers for the value of the service not performed during the period employees are performing service as members of the Ready Reserve or the National Guard.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. READY RESERVE-NATIONAL GUARD EMPLOYEE**

4 **CREDIT ADDED TO GENERAL BUSINESS**  
5 **CREDIT.**

6 (a) READY RESERVE-NATIONAL GUARD CREDIT.—

7 Subpart D of part IV of subchapter A of chapter 1 of

1 the Internal Revenue Code of 1986 (relating to business-  
 2 related credits) is amended by adding at the end the fol-  
 3 lowing new section:

4 **“SEC. 45G. READY RESERVE-NATIONAL GUARD EMPLOYEE**  
 5 **CREDIT.**

6 “(a) GENERAL RULE.—For purposes of section 38,  
 7 the Ready Reserve-National Guard employee credit deter-  
 8 mined under this section for the taxable year is an amount  
 9 equal to 10 percent of the unpaid compensation amount  
 10 for the taxable year.

11 “(b) DEFINITION OF UNPAID COMPENSATION  
 12 AMOUNT.—For purposes of this section, the term ‘unpaid  
 13 compensation amount’ means the amount of compensation  
 14 which ordinarily would have been paid or incurred by an  
 15 employer with respect to a Ready Reserve-National Guard  
 16 employee on any day during a taxable year but was not  
 17 paid because the employee was absent from employment  
 18 for the purpose of performing qualified active duty.

19 “(c) LIMITATIONS.—

20 “(1) MAXIMUM CREDIT.—The maximum credit  
 21 allowable under subsection (a) shall not exceed  
 22 \$2,000 in any taxable year with respect to any one  
 23 Ready Reserve-National Guard employee.

24 “(2) DAYS OTHER THAN WORK DAYS.—No  
 25 credit shall be allowed with respect to a Ready Re-

1 serve-National Guard employee who performs quali-  
2 fied active duty on any day on which the employee  
3 was not scheduled to work (for a reason other than  
4 to participate in qualified active duty) and ordinarily  
5 would not have worked.

6 “(d) DEFINITIONS.—For purposes of this section—

7 “(1) QUALIFIED ACTIVE DUTY.—The term  
8 ‘qualified active duty’ means—

9 “(A) active duty in connection with which  
10 an employee is entitled to reemployment rights  
11 and other benefits or to a leave of absence from  
12 employment under chapter 43 of title 38,  
13 United States Code, and

14 “(B) hospitalization incident to such duty.

15 Such term shall not include training duty specified  
16 in section 10147 of title 10, United States Code (re-  
17 lating to training requirements for the Ready Re-  
18 serve), or section 502(a) of title 32, United States  
19 Code (relating to required drills and field exercises  
20 for the National Guard).

21 “(2) COMPENSATION.—The term ‘compensa-  
22 tion’ means any remuneration for employment,  
23 whether in cash or in kind, which, if paid by the tax-  
24 payer, would have been deductible from the tax-  
25 payer’s gross income under section 162(a)(1).

1           “(3) READY RESERVE-NATIONAL GUARD EM-  
 2           PLOYEE.—The term ‘Ready Reserve-National Guard  
 3           employee’ means an employee who is a member of  
 4           the Ready Reserve or of the National Guard.

5           “(4) NATIONAL GUARD.—The term ‘National  
 6           Guard’ has the meaning given such term by section  
 7           101(c)(1) of title 10, United States Code.

8           “(5) READY RESERVE.—The term ‘Ready Re-  
 9           serve’ has the meaning given such term by section  
 10          10142 of title 10, United States Code.”.

11          (b) CREDIT TO BE PART OF GENERAL BUSINESS  
 12          CREDIT.—Subsection (b) of section 38 of such Code (re-  
 13          lating to general business credit) is amended by striking  
 14          “plus” at the end of paragraph (14), by striking the period  
 15          at the end of paragraph (15) and inserting “, plus”, and  
 16          by adding at the end the following new paragraph:

17                 “(16) the Ready Reserve-National Guard em-  
 18                 ployee credit determined under section 45G(a).”.

19          (c) CONFORMING AMENDMENT.—The table of sec-  
 20          tions for subpart D of part IV of subchapter A of chapter  
 21          1 of the Internal Revenue Code of 1986 is amended by  
 22          inserting after the item relating to section 45F the fol-  
 23          lowing new item:

                  “Sec. 45G. Ready Reserve-National Guard employee credit.”.

1       (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2002.

○